*Non-binding translation of the original, German-language document. For informational purposes only.

Investment Guidelines for the Endowment Assets of the GIGA

(pursuant to the decision of the Board of Trustees of 12 December 2024)

The Board of Trustees of the German Institute for Global and Area Studies (GIGA) / Leibniz-Institut für Globale und Regionale Studien foundation issues the following investment guidelines:

§ 1
Scope

These investment guidelines apply to the management of the endowment capital of the German Institute for Global and Area Studies (GIGA) / Leibniz-Institut für Globale und Regionale Studien pursuant to Sec. 3, Subsec. 2 of the Charter of the foundation from 1 May 2020.

§ 2
Basic principles

(1) The investment guidelines are binding for the management of the endowment capital by the GIGA's Executive Board.
(2) A portfolio is to be managed to safeguard the securities.
(3) External advisors from banks or from independent asset management firms may be consulted regarding investment decisions.

§ 3
Objectives

(1) The objective of the endowment investment is to generate returns at an acceptable level of risk that serve the foundation in fulfilling its purpose.
(2) The endowment capital should be maintained at its real value within the legally permissible framework to the extent possible given the market situation.
(3) To realise returns, asset classes with a high level of security that evince an optimised rate of return and predictability are to be chosen.
(4) Endowment investment shall occur in consonance with the foundation's purpose. All securities must fulfil recognised environmental, social, and governance criteria (ESG criteria).

§ 4
Investment principles

(1) Asset management proceeds via a coordinated mixture and diversification of asset classes, investment volumes, and maturities in order to achieve effective risk diversification.
(2) The management of the endowment capital allows solely for investments in asset classes that are expressly permitted in the whitelist: further, qualitative and quantitative caps must also be taken into account, including those based on the ESG criteria.
    1. Whitelist

- Mutual funds (mixed funds)
- Exchange-traded funds (ETFs)
- Bond-based investment funds
- Public-sector bonds
- Financials
- Mortgage bonds

2. Quantitative caps

   Stocks and stock-like products are limited to a 35% share of total assets.
   Investments in currencies outside of the Eurozone are permitted up to a 25% share of total assets.

3. Qualitative caps

   Fixed-interest-bearing securities such as annuities claims of public sector entities, mortgage bonds, and financials must have a credit rating ranging from AAA to A (Standard & Poor's).

   Bond-based funds must have an average rating of at least "investment grade" (BBB-).

4. ESG exclusion criteria

   Business sectors and business practices are to be taken into account for the exclusion criteria.

   Exclusion criteria relate to the following industries (minor shares under 10% are permitted): arms (except dual-use products), nuclear energy, fossil fuel, alcohol (>15%), gambling, tobacco, adult entertainment.

   Exclusion criteria for business practices comprise human rights abuses, labour law violations (according to the ILO), controversial environmental practices, controversial business practices (corruption and the like).

   Investments in mutual funds are permitted only when these conform to the whitelist and exclusion criteria to the greatest extent possible. Specifically authorised for investment are funds that are permitted to carry the seal of the Forum Nachhaltige Geldanlagen (FNG) or comparable seals of quality.

   For mortgage bonds and financials, the ESG rating of the issuer in addition to the applicable whitelist and exclusion criteria for banks are requisite.

(3) Liquid assets are to be managed at call-money and fixed-deposit conditions at the custodial institute.

§ 5
Documentation and monitoring of adherence to the investment guidelines

(1) Investment decisions are to be documented appropriately.
(2) The Executive Board monitors adherence to the investment guidelines according to this document. The Executive Board is to be reported to semiannually, and the Board of Trustees annually and upon request, on the adherence to the investment guidelines.
(3) A chartered accountant must provide annual attestation to the Board of Trustees that the assets of the endowment capital meet the specifications of the investment guidelines.
(4) New investments that violate the whitelist, ratings specifications, and the exclusion criteria are to be reversed immediately.

(5) Infractions regarding quantitative caps influenced by shifts in the capital market are to be corrected within three months.

(6) Securities that, following new assessments, no longer fall within the qualitative caps are to be placed under observation and sold within an appropriate time frame and, when necessary, with a view to achieving the smallest possible loss.

(7) Infractions vis-à-vis business practices that are designated as very severe pursuant to the Global Compact Principles (or comparable) are to be sold within eight weeks. In cases of severe infractions, a judgement based on sound appraisal is to be taken.

§ 6
Entry into force and review

(1) These investment guidelines enter into force on 1 January 2025.

(2) These investment guidelines are to be reviewed every two years by the Council for Financial Affairs and, when necessary, adjusted by the Board of Trustees.

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